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Business Aviation

THE WEEKLY OF BUSINESS AVIATION

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PRESSURE BUILDING FOR NEW GA RESTRICTIONS, EQUIPMENT

Increased political and public pressure to establish new equipment requirements and operating restrictions on general aviation aircraft in high density traffic areas was building last week in the wake of the Aug. 31 midair collision between a Piper Cherokee and an Aeromexico Airlines DC-9. The accident, which resulted in the deaths of all 67 persons aboard the two aircraft and more than 20 persons on the ground, occurred as the airliner was approaching Los Angeles International Airport.

Investigators said both aircraft were within the Los Angeles terminal control area. Preliminary indications are that the Cherokee pilot, who had taken off from Torrance, Calif. 15 minutes before the collision occurred at an altitude of about 6,500 feet, did not have permission from controllers to operate in the TCA. The Cherokee pilot had filed a flight plan before taking off, but apparently had not contacted controllers to activate that flight plan. Investigators said the transponder in the Cherokee was operating and that the transponder target was visible on radar, although the plane's altitude was not being displayed. The controller working the Aeromexico flight has indicated he did not see the Piper on radar.

Following the accident, FAA Administrator Donald Engen was quoted as saying, "I think you will see us gradually encroaching on airspace in which small aircraft operate. I'm dedicated to continuing that." While an agency spokesman said Engen qualified that statement, FAA officials are examining a number of steps to reduce the risk of additional midair collisions. Among alternatives under consideration are the wider use of transponders, the implementation of additional terminal control areas and the expansion of existing TCAs.

In addition, FAA will be facing additional pressure to develop and implement a collision avoidance system, a program that has been underway for years, but which has not progressed past the test stage. Rep. Robert Dornan (R-Calif.), in whose Congressional district the DC-9 and Cherokee crashed last week, was expected to call for Congressional action on H.R.3905, a bill he introduced last December. Dornan's bill, which has not been reported out of committee, would require the Transportation Department "to promulgate standards for an airborne collision avoidance system for all United States aircraft, civil and military, to improve aviation safety." Dornan's bill would require DOT to issue such standards within one year after enactment of the legislation.

Last week's accident also is expected to strengthen the case for adoption of a rulemaking petition submitted by the Air Transport Association. Published by FAA as an advanced notice of proposed rulemaking, the ATA petition calls for use of automatic altitude reporting equipment by all aircraft operating in terminal airspace where radar service is provided and in all controlled airspace above 4,000 feet (BA, Aug. 25/59). Deadline for comments on that proposal is tomorrow (Sept. 9).

NEARLY 500 USED BUSINESS JETS CHANGED HANDS IN FIRST HALF

Just under 500 used business jet aircraft, approximately 10-12 percent of the total U.S. fleet, changed hands during the first half of 1986, according to statistics developed by a Dallas, Tex.-based business jet brokerage firm. W. Barry Smith Enterprises, Inc. said 492 used business jet transactions were recorded in the first half, an increase of 28.1 percent over the 384 transactions recorded during

(Continued on the following page)

NOW ONLINE WORLDWIDE

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BUSINESS JET MARKET (Cont.)

the same period last year. The 492 transactions in January-June of this year also represented an increase of 45.1 percent over the 339 transactions in the last six months of 1985. Statistics compiled by the Federal Aviation Administration indicate there were about 4,200 business jet aircraft in the U.S. fleet at the start of 1985.

Despite the sharp increase in business jet transactions in the first half, the number of aircraft currently offered for sale is down only slightly from a year ago. Smith said there are currently 461 used business jets for sale, down 6.5 percent from the 493 aircraft that were on the market at this time last year. Current 1986 offerings are down only 4.6 percent from December of 1984, when 484 aircraft were on the market.

Chairman W. Barry Smith told BA his figures reflect only "user-to-user" transactions, noting that he does not include strictly financial transactions—such as a sales leaseback agreement—under which the same operator continues to use the aircraft. Smith said his figures also do not include as separate transactions acquisitions or sales by aircraft brokers or dealers. Smith said his data indicates that while the used jet market is very active—and probably will remain so—it does not reflect an expansion of the overall market for business jets. He said there is no evidence of significant growth in the number of companies operating business jets or fleet expansion by existing operators. Rather, he said, there is "a lot of churning" within the existing business jet market as companies change the makeup of their corporate fleets.

AERO SERVICES SELLS WEATHER SUBSIDIARY TO UNIVERSAL -- Aero Services International Inc. has announced the sale of its National Weather Corp. subsidiary to Universal Weather and Aviation Inc. ASI, which is headquartered in Teterboro, N.J., bought the Teterboro-based NWC in late 1983, stating that it planned to expand the 25-employe staff and improve marketing (BA, Oct. 10, 1983/117). ASI officials said last week that NWC had about 15 employes at the time of the sale to Houston-based Universal. ASI has 20 fixed-base operations in the U.S. Universal is a major supplier of weather data, flight planning and ground handling services.

DE HAVILLAND, SHORTS AGREE TO COLLABORATE ON NEW AIRPLANE -- De Havilland Aircraft of Canada and Shorts of Belfast, Northern Ireland have signed a memorandum of understanding (MOU) to collaborate on design and production of a new regional aircraft. In making the announcement at last week's Farnborough Air Show, de Havilland President Bill Boggs declined to be specific about the size of the new aircraft, describing it in vague terms as having from 19- to 80-passenger seats. It seems likely, however, that the plane being considered would be at the small end of that range, although officials last week made no mention of the DHC-9, the long anticipated Twin Otter replacement (BA, Dec. 9/190).

A new aircraft in the 19-25-seat range would solve distinct market problems for both manufacturers. De Havilland needs a modern, high-performance replacement for the aging Twin Otter. Shorts, having bridged the gap between 19- and 44-seat regional aircraft with the 330 and 360, now finds itself behind a technology curve with the advent of the new-generation 30-passenger-plus turboprops. Shorts announced a market study for a new Model 450 in April of 1985, but lack of customer interest in that aircraft—which would have involved a stretch of the basic 330/360 airframe to accommodate 44-47 passengers—killed that idea before the end of the year (BA, Oct. 28/137).

The MOU calls for a joint study to determine the "forward requirments" of the regional industry for a new-generation aircraft. Study, expected to be completed in about 12 months, will focus on such areas as "market definition, applicability of new technologies, configuration alternatives and powerplant considerations," the joint statement said. "Emphasis will be on innovative design and manufacturing techniques to reduce ownership costs."

BAe DISPLAYS MODEL OF SUPERSONIC BUSINESS JET AT FARNBOROUGH -- The British Aerospace exhibit at last week's Farnborough Air Show included a display of models of aircraft from the "Past, Present and Future," including one of a supersonic business jet that might be available around the year 2010. Emphasizing that the supersonic project is very much a "paper airplane" at present, officials said they are looking at a 12-passenger aircraft with a gross weight of 100,000 pounds that could operate at speeds of Mach 1.85 with a range of 3,800 nautical miles. Aircraft would be powered by three engines of unspecified design, with one tail mounted and the other two atop the wings.

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U.S. USED BUSINESS JET TRANSACTIONS
First Two Quarters of 1986

	First Qtr	Second Qtr	Six Mos
BAC 111	2	2	4
BOEINGS & DC-9	4	3	7
CHALLENGER 600	3	2	5
CHALLENGER 601	2	-	2
CITATION I/500	40	37	77
CITATION II/550	30	31	61
CITATION III	3	4	7
DIAMOND	1	9	10
FALCON 10/100	4	12	16
FALCON 20/200	15	20	35
FALCON 50	3	10	13
GULFSTREAM II/IIB	11	15	26
GULFSTREAM III	1	4	5
HS 125 1A/3A/400	12	5	17
HS 125/600	2	4	6
HS 125/731 RETROFITS	-	5	5
HS 125/700	6	5	11
HS 125/800	1	-	1
JETSTAR -6,-8	6	4	10
JETSTAR 731/II	7	6	13
LEAR 25/28/29	22	22	44
LEAR 35/36	29	16	45
LEAR 55	3	3	6
SABRE 40	7	13	20
SABRE 60/65	7	13	20
SABRE 75/80	4	1	5
WESTWINDS 1124/I/II	7	14	21
	232	260	492

FIRST HALF OF 1986 IS UP 4.7% OVER FIST HALF OF 1984 (470)
FIRST HALF OF 1986 IS UP 28.1% OVER FIRST HALF OF 1985 (384)
FIRST HALF OF 1986 IS UP 45.1% OVER LAST HALF OF 1985 (339)

Chart provided by W. Barry Smith Enterprises, Inc.

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BUSINESS JETS CURRENTLY OFFERED FOR SALE

BAC 111	3
BOEING 727/100	9
BOEING 727/200	1
DC-8	1
DC-9	1
CHALLENGER 600	10
CHALLENGER 601	1
CITATION II	49
CITATION III	6
DIAMOND	21
FALCON 10/100	16
FALCON 20/200	51
FALCON 50	3
GULFSTREAM II/IIB	17
GULFSTREAM III	6
GULFSTREAM IV POSITION	1
HS 125/731 RETROFIT	5
HS 125/400	5
HS 125/600	7
HS 125/700	12
HS 125/800	2
JETSTAR 731	10
JETSTAR II	4
LEAR 25/28/29	58
LEAR 35/36	53
LEAR 55	7
SABRE 40	32
SABRE 60	25
SABRE 65	6
SABRE 75/80	13
WESTWIND 1124	9
WESTWIND I	5
WESTWIND II	10
WESTWIND 1125 POSITION	2
TOTAL:	461

CURRENT 1986 OFFERINGS ARE DOWN 6.5% FROM SAME TIME IN 1985 (493)
CURRENT 1986 OFFERINGS ARE DOWN 4.6% FROM DECEMBER, 1984 (484)
CURRENT 1986 OFFERINGS ARE DOWN 1.5% FROM AUGUST, 1984 (468)

Chart provided by W. Barry Smith Enterprises, Inc.

FOKKER JOINS THREE OTHER FIRMS IN STUDY OF NEW AIRLINER -- Fokker B.V. of Holland, which is currently developing the Fokker 50 turboprop and Fokker 100 jet aircraft, has joined three other firms in a study of the potential market for yet another regional airline aircraft. Boeing Commercial Airplane Company said Fokker has joined with Boeing, IPTN of Indonesia and Messerschmitt-Boelkow-Blohm of West Germany in a joint study "to determine the feasibility of an advanced regional technology airplane. Boeing, IPTN and MBB had signed a memorandum of understanding to that effect early this year. Boeing said that under the MOU, "the three companies are to study jointly the potential market and design options for a medium-range, new-technology airplane in the 100-seat category. Later this year, the partners will determine whether the market and available techologies will warrant continued joint efforts," Boeing said. If it is produced, the new jet aircraft would incorporate the latest developments in advanced propulsion technology, Boeing said, adding that it "could be in the marketplace between 1992 and 1995."

TRUST FUND TOPS $8 BILLION MARK -- Balance in the Aviation Trust Fund at the end of June was a record $8.4 billion, topping the $8 billion mark for the first time, according to the latest figures from the Treasury Department (see chart on the back of Page 76). Balance in the Trust Fund hit $7.94 billion at the end of May (BA, Aug. 4/39). User tax receipts totaled $230.1 million in June and $154.2 million was spent for a variety of aviation programs. Investment interest on money in the Trust Fund totaled $418.9 million, boosting the balance to $8.4 billion.

Rep. Dan Glickman (D-Kan.) last month introduced H.R.5325, which would suspend collection of taxes for the Trust Fund whenever its unobligated balance exceeds $1 billion (BA, Aug. 11/44). "The unused balance is being used solely to make the overall budget look better. That is a perversion of the Trust Fund," Glickman said.

ILFC PLACES ORDER FOR SEVEN FOKKER 100S -- Fokker Aircraft has received an order from International Lease Finance Corp. for the purchase of seven Fokker 100 jetliners. Value of the order is approximately $147 million; deliveries are scheduled for the first half of 1988. Flight of the first prototype, which is currently under construction in Amsterdam, is scheduled before the end of the year. Aircraft is powered by two Rolls-Royce Tay 620 engines. The company is the first leasing organization to purchase the new aircraft. Fokker said it has firm orders for 45 Fokker 100s plus options for 31 additional aircraft.

LOS ANGELES APPEALS FIRST AMENDMENT CASE TO SUPREME COURT -- Los Angeles Department of Airports has appealed to the U.S. Supreme Court (Case No. 86-104) a federal appeals court decision that found the airport a "traditional" forum for First Amendment activity, including for proselytizing by the religious group Jews for Jesus. If left in place, said some sources, the decision could jeopardize attempts by airports to impose restrictions on First Amendment activity. Airports in most cases have been found to be "limited" or "non-traditional" forums for such activities, allowing them to limit personal expression to that which is appropriate for the facility, has an appropriate audience and is compatible with the forum's usual activities.

Los Angeles, in papers filed with the court, said that it allows First Amendment activities on the airport's sidewalks but had reserved terminal areas for intended uses. But a California court, in a decision upheld by the 9th U.S. Circuit Court of Appeals, said the airport is a traditional forum for expression, in the same manner as streets, parks and sidewalks. Airport argued that if airports cannot regulate use of their facilities, "all government-operated facilities, regardless of their intended purposes, may become mini-parks dedicated to the widest range of activities imaginable."

Los Angeles based its defense in part on a case from the 2nd Circuit that barred the International Society for Krishna Consciousness from soliciting funds at the Meadowlands sports complex in New Jersey. The court said people did not attend events at the complex for the purpose of being asked for money, and regulation of solicitors' activities therefore was reasonable. Other courts have upheld restrictions by airports on First Amendment activities, such as the 11th Circuit, which allowed Atlanta to restrict solicitations of donations to booths inside the terminal.

AIR WISCONSIN ORDERS SIX MORE BAe 146 AIRCRAFT -- United Express Air Wisconsin last week ordered six additional 100-passenger BAe 146s, which will bring the carrier's total 146 fleet to 15 aircraft. Order is valued at over $100 million.

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STATUS OF AIRPORT & AIRWAY TRUST FUND
20X8103
JUNE 30, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 7,948,606,028.53	$ 7,425,506,743.43
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	-692,000.00	50,812,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	225,000.00	2,025,000.00
2. Non-commercial 9 cents tax	5,000,000.00	28,098,000.00
3. Non-commercial 3 cents tax	1,680,000.00	9,132,000.00
4. Transp by air,seats,berths,etc.	203,700,000.00	1,769,231,000.00
Use of international trav fac	8,189,000.00	64,316,000.00
Transp of property and cargo	12,092,000.00	99,760,000.00
Total Tax Receipts	230,194,000.00	2,027,374,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	1,014.00
2. Any liquid fuel except gas	0.00	6,846,996.00
3. Gasoline -Retailer's tax	145,000.00	582,790.00
4. Gasoline -Manufac. tax	0.00	44,987.00
Total Reimburse For Tax Refunds	145,000.00	7,475,787.00
Net Tax Receipts	230,049,000.00	2,019,898,213.00
C. Interest on Investments	418,953,451.33	827,749,734.14
Net Receipts	649,002,451.33	2,847,647,947.14
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	7,999,990.00	428,346,645.34
2. Grants-in-aid for airports	53,354,404.34	625,589,949.16
3. Facilities & equipment	59,623,986.61	540,774,815.62
4. Research engineering & development	26,309,540.04	210,195,831.66
B. NOAA weather services	6,999,450.00	20,998,350.00
C. Interest on Refund of Taxes	0.00	935.00
Total Expenditures	154,287,370.99	1,825,906,526.78
IV. BALANCE - END OF PERIOD	8,443,321,108.87	8,443,248,163.79
ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	606.26	
Operations	-4,645.34	
Grants-in-aid for Airports	-5,068,822.40	
Facilities & Equipment	9,324,468.74	
Research Engineering & Development	15,263,906.53	
NOAA weather services	1,650.00	
		$ 19,517,163.79
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
9-3/4% maturing JUNE 30, 1987	$ 8,423,731,000.00	
		8,423,731,000.00
Total Assets		8,443,248,163.79
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 8,443,248,163.79
Total Liabilities and Equity		8,443,248,163.79